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REPLACEMENT PAGES OF SPECIFICATION AND CLAIMS

reduction in value of the patent right, and agreeing to provide compensation for at least a portion of any reduction in value of the patent right during a particular period of time after receipt of an insurance premium, the insurance premium being paid in connection with a transfer of the patent right to a second party.

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The invention accordingly comprises the several steps and the relation of one or more of such steps with respect to each of the others and the article possessing the features, properties, and the relation of elements exemplified in the following detailed disclosure.

#### Brief Description of the Drawings:

Fig. 1 is a flowchart illustrating a method for issuing an insurance proposal according to a preferred embodiment of the invention.

Fig. 2 is a flowchart showing the operation of a data processing system according to a preferred embodiment of the invention.

#### Detailed Description of the Invention

The present invention provides for a sharing of the risk associated with the purchase, sale and/or ownership of intellectual property assets. Furthermore, the legal, technical and financial analysis which is conducted in connection with underwriting an insurance product to cover an intellectual property asset can also serve as a component in a "due diligence" analysis which is conducted in preparation for the purchase or sale of a business or portion of a business. Thus, the invention can provide the directors of a selling or purchasing company with protection against claims that they had incorrectly assessed the intellectual property of a company involved in an asset transfer. Non-limiting examples of situations in which the method and product of the invention would be useful are described below on Table 1.

then assigned a numerical value. The numerical values are utilized in determining the financial terms of the insurance contract proposal.

Step 3, formulating an insurance contract proposal, involves determining which portions of the legal evaluation and financial valuation are to be provided to the insured party, and defining the scope, duration and cost of proposed insurance coverage. In one preferred form of the invention, the insurance proposal includes the legal and financial opinions which are used as a basis for determining insurance premiums and dollar limits of coverage available for a particular intellectual property portfolio. The legal and financial opinions normally are to be paid for by the party seeking insurance whether or not the party eventually executes an insurance contract.

Figures 1 and 2 are included in order to provide an increased understanding of the invention but are not intended to limit the scope of the invention.

B 2 Referring to Fig. 1, a flowchart that illustrates a method of preparing and issuing an insurance proposal for intellectual property assets is shown and is designated as 10. The intellectual property that is to be the subject of the proposal is selected in step 12. A validity and enforceability analysis of the intellectual property is conducted in step 14. An expected monetary value or set of values for the intellectual property during period T is determined in step 16. This value or set of values is provided to the proposed insurer in step 18. Suitable values for premium, coverage, and the term of coverage are determined in step 20, and an insurance proposal form is generated in step 22.

Referring to Fig. 2, a flowchart showing the operation of a data processing system according to one preferred form of the invention is shown and is designated as 30. At least one input 32, 34, or 36 is input into the data processing system. Input 32 is a first numerical value or set of values which is representative of the likelihood that the intellectual property asset would be found valid if the validity of the asset was determined by litigation. Input 34 is a second numerical value or set of values which is representative of a predicted appraised value of the intellectual property asset during a particular period of time. Input 36 is a third numerical value or set of values which is representative of the likelihood of a competitive intellectual property asset causing a significant reduction in the predicted appraised value of the intellectual property asset during a particular period of

time. The data processing system processes the input data in step 38 and delivers an output in the form of an insurance proposal at 40.

The following Examples are included in order to provide a better understanding of the invention but are not intended to limit the scope of the invention in any way.

#### Prophetic Example 1

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Company A is preparing to purchase Company B. Company A obtains a list of the intellectual property assets owned by Company B. Company A provides the list of intellectual property assets to Valuator, which preferably is an independent firm or a division or subsidiary of Insurance Company D. Valuator works with Company A to determine which intellectual property assets of Company B should be insured. These assets are referred to as IIPA (identified intellectual property assets), and typically include the intellectual property assets of Company B which Company A believes are the most valuable. Valuator then obtains a legal analysis of the validity and enforceability of the IIPA by hiring a competent patent attorney to write a legal opinion of validity and enforceability. Company A pays for the legal analysis and for the services of Valuator in obtaining the legal opinion. If the legal opinion is favorable, Valuator obtains an opinion of the monetary value of the IIPA during a particular period of time in the future by hiring a competent valuator of intellectual property. Company A pays for the financial analysis and pays for the additional services of Valuator. Preferably Company A pays its fees for the legal evaluation and the financial valuation directly to the insurance company,

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